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Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 /021 W
----------120520 281128Z /10
R 280425Z JUL 78
FM AMEMBASSY ANKARA
TO AMCONSUL ADANA
AMCONSUL ISTANBUL
AMCONSUL IZMIR
INFO USDOC WASHDC
SECSTATE WASHDC 2769

UNCLAS SECTION 1 OF 2 ANKARA 5452

E.O. 11652: N/A
TAGS: BEXP, AFSP, TU
SUBJECT: DRAFT FY 79 COMMERCIAL ACTION PROGRAM (CAP) FOR TURKEY

REF: A) STATE 174461 (NOTAL), B) 77 ANKARA A-63

1. SUMMARY. REF. A, COPIES OF WHICH HAVE BEEN POUCHED TO YOU, ENCOURAGES US TO AGAIN PREPARE A CAP FOR FY 1979. THE PURPOSE OF THIS MESSAGE IS TO GIVE YOU OUR PRELIMINARY THOUGHTS ON THE CONTENT OF A 79 PROGRAM FOR TURKEY AND TO REQUEST ANY COMMENTS YOU MAY HAVE, INCLUDING ON THE BASIC QUESTION OF WHETHER OR NOT A CAP SERVES ANY USEFUL PURPOSE IN PRESENT CIRCUMSTANCES IN TURKEY. END SUMMARY.

2. ACTION REQUIRED. THE DEPARTMENT REQUESTS REPLIES BY AUGUST 15 OR AS SOON THEREAFTER AS POSSIBLE. IN VIEW OF COMATT'S JULY 29 DEPARTURE AND HIS SUCCESSOR'S ARRIVAL SOME THREE WEEKS LATER, WE ARE GOING TO HAVE TO TAKE THE "AS SOON THEREAFTER AS POSSIBLE" OPTION. WE WOULD LIKE TO HAVE YOUR COMMENTS IN ANKARA BY RETURN CABLE NO LATER THAN AUGUST 15 IN ORDER THAT WE CAN PUT FINISHING TOUCHES ON PROGRAM AND GET IT TO WASHINGTON BY AIRGRAM NO LATER THAN SEPTEMBER 10. END ACTION REQUIRED.
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3. IN THE FOLLOWING PARAGRAPHS WE ARE PROVIDING ROUGH PRELIMINARY DRAFTS OF SUBSTANTIVE PARTS OF PROPOSED CAP. WE WOULD APPRECIATE YOUR THOUGHTFUL REVIEW AND ANY COMMENTS, ADDITIONS OR DELETIONS YOU THINK REQUIRED. AGAIN, ALTHOUGH WE WILL PROBABLY SUBMIT A PROGRAM IN SOME FORM,

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WE INVITE YOUR CANDID OBSERVATIONS ON THE UTILITY OF A
TCAP IN PREVAILING CIRCUMSTANCES. IN ANY CASE WE BELIEVE
PROGRAM THAT IS ULTIMATELY AGREED ON WITL NECESSARILY
PLACE LESS EMPHASIS TO
TRADE PROMOTION EVENTS AND ACTIVITIES
AND MORE ON REPORTING OF DEVELOPMENTS WITH POSSIBLE
COMMERCIAL SIGNIFICANCE.

4. SUGGESTED CAP FORMAT IS SET OUT IN REF. A. FOLLOWING
IS OUR FIRST DRAFT OF SECTION I: THE COMMERCIAL SETTING.
A. QUOTE. FY 1978 SAW A SERIOUS DETERIORATION IN THE
TURKISH BALANCE OF PAYMENTS POSITION, AS WELL AS INCREASING
STRAINS ON THE DOMESTIC ECONOMY IN GENERAL. ACCORDINGLY,
COMMERCIAL OPPORTUNITIES IN TURKEY FOR AMERICAN EXPORTERS
HAVE BECOME MORE AND MORE RESTRICTED. PAYMENTS PROBLEMS
HAVE REACHED SUCH A POINT THAT VIRUTALLY NO TRANSFERS
OF FOREIGN EXCHANGE FOR OTHER THAN IMPORTS OF THE HIGHEST
PRIORITY ARE BEING MADE. AND ALTHOUGH PROGRESS HAS BEEN
MADE IN ESTABLISHING THE BEGINNINGS OF AN ECONOMIC
STABILIZATION PROGRAM REQUIRED TO ATTRACT NEW COMMERCIAL
CREDIT, SUCH CREDITS HAVE NOT BEEN FORTHCOMING TO THE
PRESENT TIME IN SIGNIFICANT AMOUNTS.
B. QUOTE. IT THUS DOES NOT APPEAR ADVISABLE DURING THE
PERIOD OF TIME COVERED BY THIS PROGRAM TO ENCOURAGE
AMERICAN EXPORTERS TO UNDERTAKE SIGNIFICANT NEW COMMITMENTS
IN TURKEY. AT THE SAME TIME IT IS ESSENTIAL THAT THEY BE
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KEPT INFORMED OF DEVELOPMENTS IN THE COUNTRY AND APPRISED
OF THE OUTLOOK FOR SUFFICIENT IMPROVEMENT IN ECONOMIC
CONDITIONS THAT THEY CAN AGAIN CONSIDER ACTIVELY PURSUING
BUSINESS OPPORTUNITIES HERE. IN ADDITION, THE QUESTION OF
COMMERCIAL ARREARS ACCUMULATED TO AMERICAN SUPPLIERS WILL
REQUIRE CONTINUED ATTENTION. FINALLY, AS TURKEY EXPLORES ALL
AVAILABLE POSSIBILITIES FOR STRENGTHENING ITS EXTERNAL
FINANCIAL POSITION, THE SUBJECT OF DIRECT FOREIGN
INVESTMENT WILL BECOME OF INCREASING INTEREST. THIS IS A
TOPIC ON WHICH THE PRESENT PROGRAM PLACES ADDED EMPHASIS.
END QUOTE.

5. SECTION II. PERSONNEL RESOURCES, FIRST LISTS THE
MEMBERS OF THE COUNTRY COMMERCIAL ACTION GROUP (CCAG)
AND THEN ALL STATE-FUNDED ECONOMIC/COMMERCIAL PERSONNEL.
A. WE PROPOSE CCAG BE MADE UP AS FOLLOWS:
CHAIRPERSON DCM
ALTERNATE CHAIRPERSON E/C COUNSELOR
MEMBERS PRINCIPAL OFFICERS
COMATT
AGATT
AID AFFAIRS OFFICER

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PAO
B. REQUEST EACH POST PROVIDE US IN ADDITION A LIST OF PERSONNEL CURRENTLY ENGAGED IN COMMERCIAL WORK BY POSITION TITLE, GRADE, AND INCUMBENT'S LAST NAME (SEE PARA. 5, REF A).

6. FOLLOWING IS DRAFT OF SECTION III: REVIEW OF FY 78 COMMERCIAL ACTIVITIES. POSTS SHOULD FEE FREE TO ADD ITEMS THEY BELIEVE ARE WORTHY OF NOTE BUT OF WHICH EMBASSY OR WASHINGTON MAY NOT HAVE BEEN FULLY AWARE.

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ACTION EB-08

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UNCLAS SECTION 2 OF 2 ANKARA 5452

A. QUOTE. TEXTILE MACHINERY TRADE MISSION. ORIGINALLY PLANNED FOR MARCH 1978, THIS EVENT WAS POSTPONED TO DECEMBER 1978 BY USDOC. AT USDOC REQUEST, POSTS IN TURKEY WERE CANVASSED AS TO THEIR WILLINGNESS TO HOST MISSION AT THAT TIME. ALL CONSTITUENT POSTS AGREED TO DO SO AND A RECOMMENDATION WAS FORWARDED TO USDOC ACCORDINGLY (SEE ANKARA 2590).
B. QUOTE. COMPUTER SYSTEMS TECHNICAL SALES SEMINAR. THIS EVENT WAS HELD AS SCHEDULED IN ANKARA IN EARLY FEBRUARY. ALTHOUGH NO DIRECT SALES WERE POSSIBLE BECAUSE OF UNAVAILABILITY OF FINANCING, THE SEMINAR WAS EXTREMELY WELL ATTENDED AND VALUABLE CONTACTS WERE ESTABLISHED BY THE MEMBERS OF THE GROUP. THE EVENT SERVED TO UNDERSCORE TWO IMPORTANT CONSIDERATIONS WITH RESPECT TO THE SCHEDULING OF TPE'S TO TURKEY: (1) THE TECHNICAL SALES SEMINAR FORMAT IS PARTICULARLY WELL-SUITED TO LOCAL CONDITIONS AND INTERESTS, AND (2) ALTHOUGH FINANCIAL CONSTRAINTS MAKE IMMEDIATE SALES UNLIKELY, TRADE MISSIONS ARE NONETHELESS OF GREAT VALUE IN DEMONSTRATING CONTINUING

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LONG-TERM INTEREST BY AMERICAN EXPORTERS IN THIS MARKET.
C. QUOTE. CONSTRUCTION EQUIPMENT. THE EMBASSY TRANSMITTED
MARKET DATA ON THIS THEME IN JUNE 1978 (ANKARA 4721).
A CONSTRUCTION EQUIPMENT SPECIALIZED TRADE MISSION IS
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NOW SCHEDULED FOR TURKEY IN FEBRUARY 1979.
D. QUOTE. FOOD PROCESSING AND PACKAGING EQUIPMENT.
WHEN THE 78 CAP WAS DRAFTED, A TRADE MISSION ON THIS
THEME HAD BEEN PROPOSED BY THE EMBASSY BUT NOT SCHEDULED
BY USDOC. IT HAS NOW BEEN SCHEDULED FOR LATE IN FY 79
(SEPTEMBER 79) AND NO PREPARATORY ACTIVITIES HAVE
THERE FORE BEEN CARRIED OUT.
E. QUOTE. TURKISH BALANCE OF PAYMENTS. THIS HAS BEEN
OF CONTINUING CONCERN THROUGHOUT THE YEAR AND HAS BEEN
THE SUBJECT OF INNUMERABLE REPORTS BY THE EMBASSY AND
CONSTITUENT POSTS. IN ADDITION, LISTS OF AMERICAN FIRMS AWAITING
OVERDUE TRANSFERS OF FOREIGN EXCHANGE WERE PRESENTED BY
THE EMBASSY TO THE CENTRAL BANK ON TWO OCCASIONS
DURING THE YEAR, SEPTEMBER 27, 1977 AND FEBRUARY 15,
1978. THE UTILITY OF THESE DEMARCHES TO THE CENTRAL
BANK IS QUESTIONABLE.
F. QUOTE. TURKISH DEVELOPMENT PLAN. ORIGINALLY
SCHEDULED FOR GOT ACTION IN NOVEMBER 1977, THE 1978-82.
THEREFORE, THE SPECIAL REPORTING EFFORT ON MAJOR PROJECTS
AND OTHER COMMERCIAL OPPORTUNITIES EXPECTED TO BE
REVEALED IN THE PLAN WAS NOT POSSIBLE.
G. QUOTE. STATUS OF U.S. BUSINESS INTERESTS IN TURKEY.
THIS WAS THE SUBJECT OF A COMPREHENSIVE SURVEY AND
AIRGRAM BY AMCONGEN ISTANBUL (A-6, MAY 10, 1978), WHICH IS AN
EXCELLENT COMMENTARY ON THE PROBLEMS OF FOREIGN INVESTMENT HERE.
THAT AIRGRAM SHOULD PROVIDE THE POINT OF DEPARTURE FOR A
CONTINUING PROGRAM OF REPORTING ON AMERICAN INVESTMENT IN
TURKEY. END QUOTE.

7. SECTION IV: CAMPAIGNS AND OTHER SPECIAL EFFORTS,
IS THE HEART OF THE CAP. AT THIS POINT WE DO NOT HAVE
A COMPLETED DRAFT OF THE SECTION, WHICH WE THINK SHOULD
AWAIT THE COMPLETION OF THE CURRENT E/C PERSONNEL
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TURNOVER IN THE MISSION. WE ARE EAGER TO HAVE POSTS'
INPUTS TO THIS SECTION IN ACCORDANCE WITH PARA. 7 OF
REF. A. WE DO NOT PLAN, INCIDENTALLY, TO NAME
CAMPAIGN MANAGERS, AS SUGGESTED BY REF. A, AND WE WILL
DISPENSE WITH LAST YEAR'S QUARTERLY SCHEDULING OF

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ACTIVITIES TO BE CARRIED OUT.
A. CAMPAIGNS TO BE SPECIFIED WILL BE TEXTILE EQUIPMENT, CONSTRUCTION MACHINERY AND FOOD PROCESSING AND PACKAGING EQUIPMENT. PREPARATION FOR A POSSIBLE MACHINE TOOLS EVENT EARLY IN FY 80 IS ANOTHER POSSIBILITY.
B. OTHER SPECIAL EFFORTS WILL BE ENUMERATED IN THE CAP IN SUCH A WAY AS TO CONSTITUTE A COMMERCIAL REPORTING PLAN (WITH COMMERCIAL BROADLY DEFINED) FOR FY 79. POSSIBLE TOPICS TO BE INCLUDED ARE: COMMERCIAL ARREARAGES TO U.S. EXPORTERS; STATUS AND PROSPECTS FOR U.S. INVESTMENT IN TURKEY; TURKISH BUSINESS ACTIVITY AND THE BOP CRISIS; IMPACT OF ENERGY SHORTAGE ON TURKISH INDUSTRY; TURKISH PORT CONGESTION AND ITS EFFECT ON EXPORTS; SHIFTING PATTERNS OF TURKISH FOREIGN TRADE; AND, OF COURSE, THE COMMERCIAL IMPLICATIONS OF THE FIVE YEAR PLAN. THE POTENTIAL LIST IS ENDLESS AND WE WILL NEED TO BE SELECTIVE IN OUR CHOICE OF TOPICS TO BE INCLUDED. WE BELIEVE THERE SHOULD BE SOMETHING IN IT FOR EACH POST, HOWEVER, AND URGE YOU TO GIVE CAREFUL THOUGHT TO COMMERCIAL REPORTING TOPICS YOU WOULD LIKE TO SEE INCLUDED.

8. THE FINAL SECTION, FINANCIAL RESOURCES SCHEDULE, WILL BE PREPARED IN ANKARA BASED ON A MESSAGE TRANSMITTED EARLIER THIS YEAR THROUGH BUDGET CHANNELS.
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